

# SECONDARY SCHOOL ANNUAL EXAMINATIONS 2010

Directorate for Quality and Standards in Education  
Educational Assessment Unit

StudentBounty.com

**FORM 5**

**BUSINESS STUDIES**

**TIME: 1h 45min**

Name: \_\_\_\_\_

Class: \_\_\_\_\_

## SECTION A: ANSWER ALL QUESTIONS

Put the letter corresponding to the right answer, in the box provided at the end of each question.

Each question carries 2 marks, giving a total of 20 marks for the whole Section.

1. For a business to be successful, the **entrepreneur** should:

- (a) seek profit even if he/she has to be unethical in his/her dealings
- (b) take risks and be creative as well as innovative
- (c) coordinate other factors of production without delegation of authority

2. The **privatisation of a public corporation** resulted in:

- (a) more efficient production and raised more money for Government
- (b) less choice and less investment in the private sector of the economy
- (c) an increase in fringe benefits for government employees

3. In an **Organisation Chart**, it is shown that the Cost Accountant is responsible to the:

- (a) Marketing Manager
- (b) Financial Manager
- (c) Production Manager

4. The functions of **Commercial Banks** include:

- (a) investments and keeping the accounts for state departments
- (b) fixing share prices and listing companies
- (c) safekeeping, lending and transfer of money

5. The **Curriculum Vitae** is used when:

- (a) an employee's health & safety is at risk
- (b) the contract of employment is given to the employee
- (c) applying for a vacant post

6. **Dismissal** may be resorted to when an employee:

- (a) is no longer medically fit for work
- (b) continues to disobey the rules at the workplace
- (c) is no longer needed for work

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7. If there is an **industrial dispute**, trade unions may use:

- (a) work to rule, go-slow and strikes
- (b) sit-in strikes, wild-cat strikes and overtime ban
- (c) overtime, industrial relations and conciliation

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8. If **supply** exceeds **demand** there would be a:

- (a) a surplus
- (b) a shortage
- (c) an equilibrium price

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9. The **location** of a business requiring the **importation of heavy raw material** is best:

- (a) near the market or “market pull”
- (b) in the vicinity of a port
- (c) where there is plenty of water

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10. The **break-even point** refers to the point where the:

- (a) profit is at its highest point
- (b) an organisation has the least costs and maximum production
- (c) firm’s revenue equals its costs and net profit is zero

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(20 marks)

**SECTION B: Examine carefully the two Trading and Profit & Loss accounts which belong to two different sole traders, namely, J. Bianco and T. Axiaq. Answer the questions laid down thereafter on the foolscaps provided.**

**This Section carries a total of 20 marks.**

	Trading and Profit & Loss Account of J. Bianco for the year ended 31 December 2008		Trading and Profit & Loss Account of T. Axiaq for the year ended 31 December 2008	
	€	€	€	€
Sales	89,500		150,000	
Cost of Sales	45,200		100,000	
	_____		_____	
<b>Gross Profit</b>		44,300		50,000
<u>Less Expenses:</u>				
Salaries & Wages	4,000		4,500	
Water & Elect.	3,600		1,500	
Telephone	500		500	
Insurance	250		300	
Advertising	800		700	
Repairs	10,000		/	
	_____		_____	
Total Expenses		19,150		7,500
		_____		_____
<b>Net Profit</b>		25,150		42,500
		_____		_____

- The above two businesses are of the Sole Ownership type. List **two (2) benefits and two (2) disadvantages** of such a type of business. (4 marks)
- Work out the following:
  - Gross Profit Margin for both businesses; and**
  - Net Profit Margin for both businesses.** (6 marks)
- Comment on the results obtained** in the previous questions, **indicating clearly which of the two businesses is doing better and why.** (4 marks)
- Apart from the aspect of Profitability**, the Final Accounts can be used to **analyse** other aspects of the business. Mention **two (2) other important aspects.** (2 marks)
- The Cost of Sales is arrived at by taking stock into consideration. What do we mean by:
  - “Overstocking”; and
  - “Under stocking”. (4 marks)

**SECTION C: Answer any two (2) Questions (with all their respective sub-divisions, the foolscaps provided. However, the filling in exercise of Question 1 can be answered on the exam paper itself.**

**Each question carries a total of 20 marks, giving a total of 40 marks for the whole Section.**

**Question 1**

a. Fill in the spaces with the words provided in the box below.

**industrial, communication, world, subsistence, crafts, labour, factory, direct, textile, international**

If one were to study Business Development throughout the ages, one has to go back in time and start at the era when man used to provide for his basic needs without the aid of others. This type of \_\_\_\_\_ production meant low levels of production; just enough to meet the bare necessities of life. Such a characteristic is typical of \_\_\_\_\_ economies which are basically agrarian economies. Then throughout time, the \_\_\_\_\_ industry developed. People started developing specialised skills and formed guilds of craftsmen in a particular trade, like that of carpenters, carvers, \_\_\_\_\_ workers and masons.

A major change in the economic world occurred in the late 18<sup>th</sup> and early 19<sup>th</sup> century, when manual labour started being replaced by machines. This was the beginning of the \_\_\_\_\_ revolution. It brought about great changes such as urbanisation, increase in trade and living standards, work for wages and of course the setting up of the \_\_\_\_\_ system. This was not the end but the beginning of a period of several economic changes.

Nowadays, we often speak of globalisation and the global economy. Globalisation is the term used to describe the development of \_\_\_\_\_ markets. This meant an increase in \_\_\_\_\_ trade, investment and capital flows. Though several benefits are associated with globalisation including, increased economic growth, improvements in health and environmental aspects, as well as spread of information and more efficient \_\_\_\_\_, problems still arise. In the case of uncompetitive industries a loss of \_\_\_\_\_ may result.

(10 marks)

- b. What do you understand by: **job production, batch production and mass production**? (6 marks)
- c. Give **two (2)** advantages of **division of labour**. (4 marks)

## Question 2

Read the extract below and answer all the questions that follow.



The National Statistics Office, Malta issues statistics and comments on trends relating to the Maltese population. One of its publications is the Demographic Review. In its publication of the 2008, it was stated that: *“Over a century, the total population of Malta practically doubled. The total population at the end of 2008 amounted to 413,609 persons.”*

Meanwhile, it is also a known fact that life expectancy has increased rapidly throughout the last decades. At the same time the death rate, birth rate and infant mortality rate have declined.

- a. Give **one (1) reason** why a **businessman** would be interested **to learn about** changes in the population. (2 marks)
- b. **Define:** (i) **death rate**;  
(ii) **birth rate**; and  
(iii) **infant mortality rate**. (6 marks)
- c. Mention **another factor that affects population size**. (2 marks)
- d. Besides the National Statistics Office there are several other **organisations that can aid business activity**. Choose **one (1)** of these organisations and **say all you know about it especially how it could be of help to a business**. (6 marks)
- e. **Changes** occur in the size and structure of the population. At the same time, businesses **too** have to make **several changes to remain competitive**. List **two (2) factors contributing to resisting the effects of change**. (4 marks)

### Question 3

After taking a look at the Memo below, answer the related questions on the foolscaps provided.



# Memorandum

**To:** All Section Managers

**From:** Managing Director

**Re: Indulging in International Trade**

Following several meetings and discussions, the final decision has been that our company will in fact enter the foreign trade business and market its products abroad. You are now required to see that .....

- The efficient running of a firm depends on good communication. **Define communication** and **explain why this is important for a business.** (3 marks)
- The Memo is one form of communication that business organisations use. **Mention other types of communication (at least 4).** (4 marks)
- Give **three (3) rules for good communication.** (3 marks)
- If the company is going to start exporting to other countries, what possible difficulties can it meet? Explain **three (3) of these difficulties** in some detail. (6 marks)
- Companies involved in international trade will either affect the **Visible** or the **Invisible trade** figure and finally they will affect the country's **Balance of Payments** figure. Explain what is meant by:
  - Visible and Invisible Trade;** and
  - Balance of Payments.**
 (4 marks)

**SECTION D: Answer this Section in the spaces provided. This Section carries a total of 20 marks.**

**Distinguish between each set of words given hereunder.**

**1. The Private Sector and the Public Sector;**

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**2. Centrally-planned Economy and Free Market Economy;**

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**3. Private Benefits and External Benefits;**

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**4. Opportunity Cost and Fixed Costs;**

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**5. Desk Research and Field Research.**

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(20 marks)